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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 29, 2010

Certified Return Receipt
7005 2570 0000 4801 6041

Gary Applegate
Great American Resources LLC
PO Box 668
Tooele, Utah 84074

Subject: Division Directive, Great American Resources LLC, Southern White/Mountain Rose Mine, S/001/0047, Beaver County, Utah

Dear Mr. Applegate:

Based on a recent inspection and survey using a global positioning system unit, your mine exceeds the five-acre limit for a small mine. **Therefore, the reclamation surety for the Southern White/Mountain Rose mine needs to be increased and you need to submit a Notice of Intention to Commence Large Mining Operations (LMO).**

The original Notice of Intention to Commence Small Mining Operations (NOI) was accepted on October 18, 1999, for up to five acres of disturbance. A reclamation surety of \$18,600 was provided to the Division based on 2006 reclamation cost estimates escalated to 2009. This surety has not been adjusted since this time to account for the increased area of disturbance or increased reclamation costs (inflation).

Within 30 days (October 29, 2010), you are hereby directed to:

- **Submit an LMO application.** Alternatively, you may reclaim at least 1.43 acres (regrading and seeding) so the disturbed area is no larger than five acres, the maximum size for a small mine.
- **Increase the reclamation surety** to an appropriate level for the amount of disturbance. Based on average costs per acre, the required surety amount is \$33,800 for a three-years escalation or \$33,900 for a five-year escalation. The increased amount (\$15,200.00 or \$15,300.00) may be submitted in the form of additional cash or a certificate of deposit, a letter of credit, or a surety bond either for the total or the increased amount. Please contact the Division's bonding coordinator, Penny Berry, for further information about submitting the bond. She can be reached by telephone at 801-538-5291 or by electronic mail at bnodcoordinator@utah.gov.

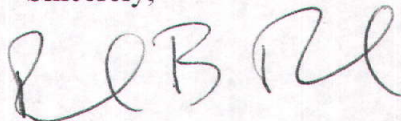


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Failure to provide the LMO application or reclaim and to update the reclamation surety as directed may result in enforcement action being taken by the Division which may include a cessation order and subsequent fines.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5261 or Tom Munson at (801) 538-5321. Thank you for your help in completing this very important regulatory requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'PBB' followed by a stylized flourish.

Paul B. Baker
Minerals Program Manager

PBB:tm:pb.

Attachment: inspection report

cc: ed_ginouvest@blm.gov

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